

BEFORE THE
WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 31

Served July 11, 1961

IN THE MATTER OF:

Application of Airport Transport, Inc.)	
and Airport Transport, Inc., of Virginia)	
for Fare Increases.)	Docket No. 2

On April 29, 1961, Airport Transport, Inc. and Airport Transport, Inc. of Virginia, filed a joint application for fare increases, which application was accompanied by their WMATC Joint Tariff No. 2. WMATC Joint Tariff No. 2 cancelled WMATC Joint Tariff No. 1, and was to become effective June 1, 1961. By order No. 15, the Commission suspended said Tariff No. 2, and deferred the use of the fares stated therein, until August 28, 1961, unless otherwise ordered by the Commission, pending an investigation and hearing. After appropriate notice, a formal hearing was held June 28, 1961.

APPEARANCES:

Linwood C. Major, Jr., Washington, D. C., and Joseph D. Danzansky, Danzansky and Dickey, Washington, D. C., for Airport Transport, Inc., and Airport Transport, Inc., of Virginia, Applicants.

Charles E. Hammond, Arlington County, Virginia, for the Arlington County Public Utilities Commission, Intervenor,

Irving Schlaifer, Washington, D. C., as an observer.

J. R. Coker, Washington, D. C., for the Federal Aviation Agency, as an observer.

J. R. Sims, Washington, D. C., for D. C. Transit, Inc., as an observer.

Russell W. Cunningham, Counsel; Melvin E. Lewis, Chief Accountant; and Arthur C. Moss, Jr., Traffic Engineer, for the Washington Metropolitan Area Transit Commission.

Tariff No. 2 states general increases in fares of approximately twenty percent (20%) and these fares were designed to produce additional annual revenues of approximately \$387, 120.00 gross, and \$69,684.00 net, before taxes, to cover an alleged deficiency in earnings of the latter amount with a difference between gross and net being occasioned by drivers' commissions, franchise fees and other expenses projected by management.

Although the Applicants are two separate corporations legally, in fact they are combined into one operation, and were so treated by the Commission for the purpose of this proceeding. The Applicants are engaged in airport limousine operations and taxicab operations between the Washington National Airport and points and places within the Metropolitan District, and operate from said airport under contract with the Federal Aviation Agency.

The evidence in this case consists of testimony and exhibits submitted by the President of the Applicants, the Executive Assistant of the Arlington County Public Utilities Commission, the Chief Accountant for this Commission and a member of the Commission's engineering staff.

The Applicants agreed, for purposes of this case only, with the testimony and exhibits offered as evidence by the Commission's staff. Thus, primary weight has been given the evidence adduced by the Commission's staff in disposing of this proceeding. The Commission's Chief Accountant testified at length and submitted numerous exhibits concerning the past, present and future financial operating conditions of the Applicants. His projections included results of future operations under both the present and proposed fares of the Applicants.

Major adjustments made by the staff, agreed to by Applicants, and adopted by the Commission, include (1) an estimated 3% decline in passengers (staff exhibit No. (6), and (2) changes in depreciation for both limousines and taxicabs as follows:

	<u>Limousines</u>		<u>Taxicabs</u>	
	Service Life	Salvage	Service Life	Salvage
Cadillac	48 mo.	\$1,000	-	-
DeSoto	40 mo.	200	-	-
Checker	40 mo.	200	34 mo.	\$300
Plymouth	40 mo.	200	34 mo.	300

While the filings were consolidated in a joint application and joint tariff, and so heard and decided, for reasons of clarity, the Commission will discuss limousine and taxicab fares, revenues and expenses separately.

TAXICAB

Present and proposed fares are set forth in Tariff Nos. 1 and 2, respectively.

The present rates would produce a projected net operating income of \$33,874.00, before taxes. Projected net operating income, based on the proposed fares, would amount to \$173,315.00. The Commission feels that the net operating income produced by the present fares is just and reasonable, but that the fares as presently constituted are inequitable, and should be readjusted so as to correct all inequities, but still produce the equivalent net operating income. Therefore, the Commission shall hereinafter prescribe a rate of \$0.50 for the first mile, \$0.20 per additional half mile, and \$0.10 per additional passenger. These rates will, in the opinion of the Commission, produce revenues sufficient to enable Applicants to realize a net operating income of \$30,400.00.

LIMOUSINES

The Commission feels it should address itself to two preliminary matters before discussing the proposed fares. First, the fares are computed on a zone basis, and, based on the comprehensive report (staff exhibit No. 9) of the engineering staff, it appears that certain minor adjustments in Zones 1 and 2 are necessary in order to equalize the fares. Therefore, the Commission will hereinafter order that such minor adjustments be made, by attaching to, and making a part of, this order, a map designating the zones to be used in computing limousine fares. However, adjustments are so minor that they will have no effect on Applicants' revenues.

Second, the Commission is of the opinion that that portion of the tariff relating to "service passes to Zone 1 . . . \$0.35," which is the fare charged to personnel employed at Washington National Airport, be disallowed inasmuch as the Commission feels this fare to be discriminatory, unjust and unreasonable. The elimination of this special fare will require said employees to pay the regular fare. The Commission feels this will result in 100% fare resistance, and has therefore removed from its consideration any possible revenues from this source of passengers.

Present and proposed fares are set forth in Tariff No. 1 and 2, respectively.

The Commission finds that the present rates would produce a projected net operating loss of \$18,658.00; that projected net operating income, based on the proposed fares would amount to \$40,900.00 (staff exhibit No. 5, page 2).

The Commission feels that a net operating income of \$40,900.00 is just and reasonable, and that the proposed fares, with the exceptions herein above set forth, should be allowed.

COMBINED OPERATIONS

The Applicants proposed that certain fares be increased in order that they might realize a net operating income of \$69,900.00, such being the amount necessary to cover alleged deficiencies in earnings, and which would enable them to realize a reasonable return on investment.

The projected combined net operating income, before taxes, amounts to \$71,300.00, which is approximately the amount requested by the Applicants in order to cover present deficiencies heretofore discussed.

The Commission, in arriving at its decision, has given due consideration to the inherent advantages to the transportation performed by Applicants; to the effect of the fares discussed upon the movement of traffic by the carriers; to the need, in the public interest, of adequate and efficient transportation service by the Applicants at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient management, to provide such service.

The Commission concludes by determining that the prescribed rates are just and reasonable, and are competitive with existing transportation facilities. The Commission notes that the Applicants pay to the Federal Aviation Agency a franchise fee of approximately 13.8% of the gross revenues received by the Applicants, and if the financial position of Applicants becomes such as to warrant further relief appropriate adjustments should be made in the franchise fees.

THEREFORE, IT IS ORDERED:

(1) That the Applicants file a joint tariff on or before July 20, 1961 to become effective July 25, 1961, stating (a) taxicab fares at a rate of \$0.50 for the first mile, \$0.20 per additional half mile, and \$0.10 per additional passenger; and (b) the proposed limousine fares as set forth in WMATC Joint Tariff No. 2, except that the special rate for personnel employed at Washington National Airport be eliminated from the new tariff.

(2) That the joint tariff adopt the zoned map attached hereto as the basis for computing said limousine fares.

BY DIRECTION OF THE COMMISSION:

DELMER ISON
Executive Director

